

# APPENDIX L

## OIL AND GAS PROCESSING PROCEDURES

### Application for Permit to Drill Approval:

Although oil and gas operations physically start after the APD is approved, the BLM's oil and gas responsibilities actually begin before the oil and gas lease is issued. The District's responsibilities include review of competitive and noncompetitive leases and nomination of new tracts for leasing with recommendation of special stipulations to be added to these leases. These stipulations cover a wide spectrum of subjects, often ranging from wildlife protection to hydrocarbon-drainage protection, and usually have some effect on the Federal permitting process. Once the leases are issued the lessee, or his designated operator, can then proceed to initiate the permitting process.

An initial step in permitting the well drilling process is approval of an APD. When applying for an APD the operator has two options which can be followed — the Notice of Staking (NOS) option or the APD option.

**NOS Option** — Prior to filing a complete APD, the operator may, at its option, file a NOS with the authorized officer of the BLM. The notice must include a survey plat, and cut and fill diagrams of all proposed areas of disturbance. If all required information is not included, the NOS is usually returned to the operator for modification.

When a complete NOS is received, a review is performed to identify the need for associated rights-of-way and special use permits, cultural resource clearance, wildlife conflicts, or other associated surface concerns. An onsite predrill inspection must be conducted within 15 days of receipt of the NOS.

During the predrill inspection, the surface use and reclamation stipulations must be developed and provided to the operator, within five working days from the date of the inspection. The operator must then incorporate these stipulations into a technically complete APD and submit it to the authorized officer.

When the APD is received, it is reviewed for completeness and technical adequacy. Once all required information is received, the District has 10 days to approve the application.

**APD Option** — When using this option, the operator need not file a NOS or any other paperwork prior to submittal of the complete APD. Once the APD is received by the authorized officer, a review must be completed and the operator must be notified as to whether the application is complete or deficient within seven working days of receipt of the application.

An onsite inspection must be conducted with the operator or his representative within 15 days of receipt of the APD to develop the surface use and reclamation stipulations that will be included in the approved application. Under this option the District has 30 days to complete processing of the APD from the date it is technically and administratively complete.

All applications are reviewed for aspects of:

1. Public Health and Safety
2. Unique Characteristics
3. Environmental Controversy
4. Uncertain and Unknown Risks
5. Establishment of Precedent

6. Cumulatively Significant
7. Cultural Resources and eligibility for NRHP
8. Endangered and Threatened Species and
9. Violations of Federal, State, and Local Law.

If the problems are identified and could not be mitigated, an EIS would be required.

### Drilling Operations:

Once the APD is approved, the operator may begin construction of the well pad, access road, and may start drilling the well. The operator is required to report the spud date (date drilling begins) within 48 hours of commencement.

An inspection must be made of each well while it is being drilled to ensure compliance with Federal Regulations and the approved APD. If some aspect of the APD is not being met, an Incident of Noncompliance must be written and a follow-up inspection may be required. Different phases of the drilling at which inspections may be made include: running casing and cementing, setting up safety equipment, testing or logging, or actual drilling operations.

### Abandonment Operations:

If the well is dry, the operator must receive plugging instruction from the staff engineers before plugging the well. Even though these instructions may be verbal, a "Notice of Intent to Abandon" and a "Subsequent Report of Abandonment" must be submitted on the Sundry Notice Form within 30 days of plugging the well. The Notice of Intent to Abandon may be approved immediately, but the Subsequent Report of Abandonment must be held until the well has been rehabilitated and a "Final Abandonment Notice" (FAN) has been received. At this point the site will be reinspected. Approval of the Subsequent Report of Abandonment releases the well from bond coverage and closes the District's files. BLM personnel usually inspect the physical plugging process.

### Subsequent Well Operations:

If the well is completed as a producer a permanent inspection file is set up, and if possible, the well is inspected at least once annually.

The operator is required to submit "Monthly Reports of Operations," "Well Completion or Recompletion Reports", and applications for any other sundry work which is not covered by the original APD or the Federal Regulations.

### Drainage Protection:

The District is responsible for protecting all Federal or Indian minerals from drainage. Drainage may be caused by state wells, fee or patented wells, other federal wells, or Indian wells. If a case of drainage is suspected, the lessee of the offended tract is notified and reservoir information is solicited. Once all needed information is obtained, a final decision is made and the lessee is again notified of the decision. This decision could involve a determination of "no drainage" or a demand to protect the lease from drainage. The lease could be protected by drilling another well or by paying compensatory royalty.

If the affected oil and gas reserves are released, the District recommends to MSO the offended tract be offered for leasing with appropriate drainage protection stipulations.